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OF COUNSEL
WILLIAM G. CONLY

October 3, 2006

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Cotton Valley Formation, Reservoir A, CHOUDRANT
FIELD, Lincoln Parish, Louisiana.

Dear Sir:

PALMER PETROLEUM, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of an Order pertaining to the following matters relating to the Cotton Valley Formation, Reservoir A, in the Choudrant Field, Lincoln Parish, Louisiana:

1. To create four (4) additional drilling and production units for the exploration for and production of gas and condensate from the Cotton Valley Formation, Reservoir A, such units being shown on an attached plat and being designated CV RA SUE through CV RA SUH.
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed additional units in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each tract sharing in unit production on a surface acreage basis of participation.
3. To designate Applicant as operator of the proposed unit CV RA SUG.
4. To designate the Palmer Petroleum, Inc.--Rabb No. 1 Well as the unit well for CV RA SUG, and to designate the Palmer Petroleum, Inc.--Rabb No. 2 Well as the alternate unit well for CV RA SUG, said wells being located as shown on the attached plat.
5. To find that the proposed alternate unit well for CV RA SUG is necessary to efficiently and economically drain a portion of the Cotton Valley Formation, Reservoir A, underlying CV RA SUG which cannot be efficiently and economically drained by any existing well on the unit.
6. To permit the operator of CV RA SUG to produce the unit allowable from either the unit well, from the alternate unit well, or from a combination of such wells, at the option of the operator.
7. To extend, except as in conflict herewith, the provisions of Office of Conservation Order No. 260-X, effective July 11, 2006, and of all applicable Statewide Orders, to the proposed additional units.
8. To discuss such other matters as may be pertinent.

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The Cotton Valley Formation, Reservoir A, in the Choudrant Field, Lincoln Parish, Louisiana, was defined in Office of Conservation Order No. 260-X, effective July 11, 2006.

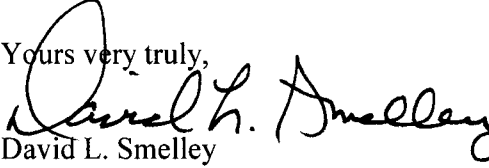
Pertinent data concerning this application is available for inspection at the offices of Louis Gilbert & Associates, Inc., 3636 N. Causeway Boulevard, Suite 204, Metairie, Louisiana 70002-7216. Any person wishing to inspect such data should call Mr. Louis Gilbert at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated September 18, 2006, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these proposals and set October 11, 2006, as the tentative date for the pre-application conference. While several persons indicated a desire to confer about the proposals, their questions were answered without the necessity of a pre-application conference; accordingly, no pre-application conference will be held.

Pursuant to the Revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of the unit plat (which is identical to the plat attached to the pre-application notice) is enclosed herewith, and a copy of this letter and of the attached plat is being sent to the District Manager of the Shreveport District of the Office of Conservation and to each of the Interested Owners, Represented Parties and Interested Parties as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of the enclosed plat, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Choudrant Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, enclosed herewith is our check payable to the Office of Conservation covering the application fee.

Yours very truly,

David L. Smelley
Attorney for Palmer Petroleum, Inc.

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DLS:dp

Enclosures

cc: Mr. Jim Broussard (w/encls.)
Mr. Tom Giles (w/encls.)
Mr. Louis Gilbert (w/encls.)
Interested Owners, Represented Parties
and Interested Parties (w/plat only)

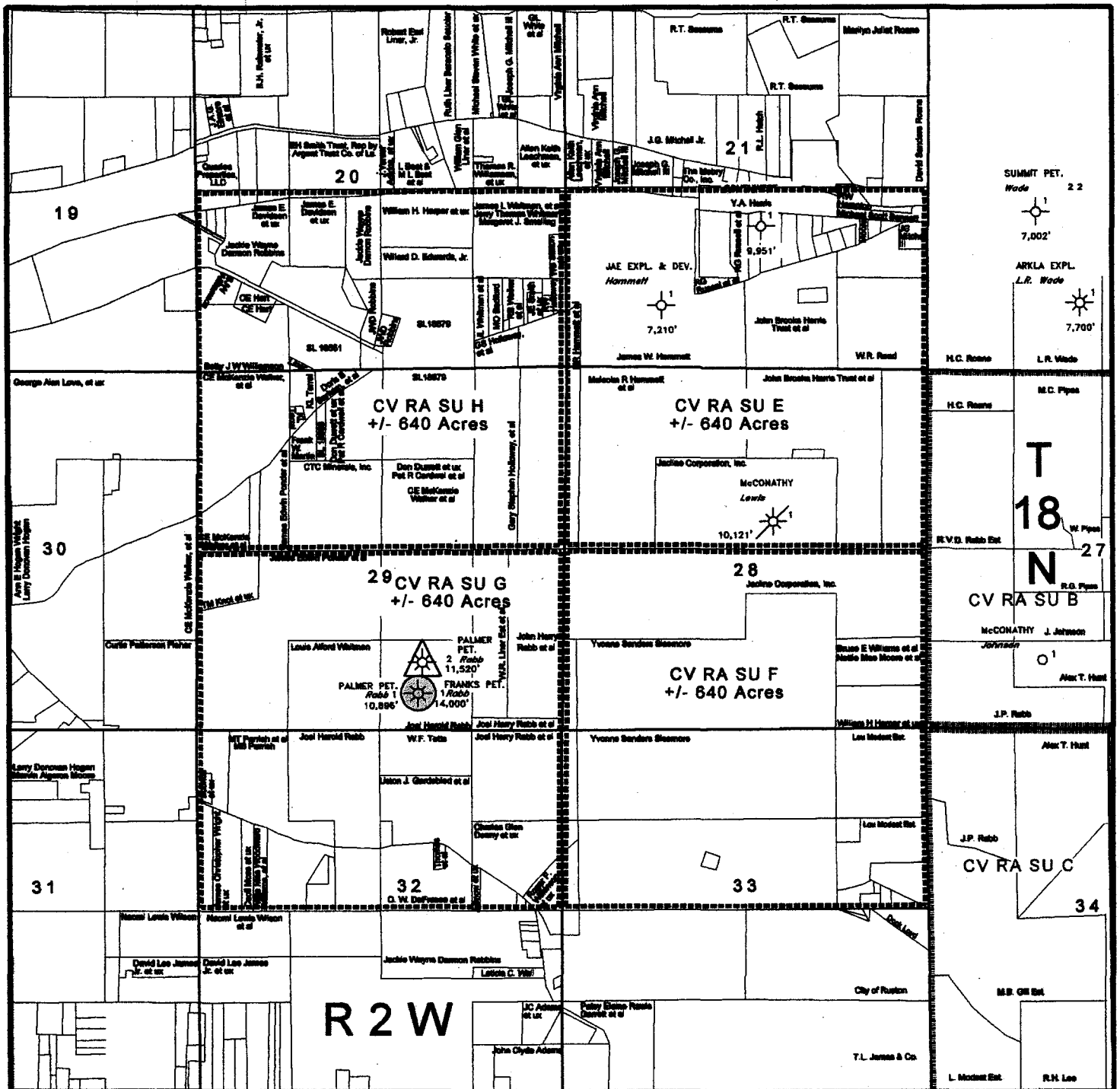


EXHIBIT No.

DOCKET No. 06-

PALMER PETROLEUM, INC.

**CHOUDRANT FIELD
LINCOLN PARISH, LOUISIANA**

Proposed Unit Plat
Cotton Valley Formation, Reservoir A

Contour Interval: 0' 2000' 4000' 6000' Date: _____

Geology: LOUIS GILBERT & ASSOCIATES, INC.

- Cotton Valley RA Units, APO 260-X
- Proposed Units
- Unit Well
- △ Alternate Unit Well